

105TH CONGRESS  
2D SESSION

# S. 1569

To amend the Internal Revenue Code of 1986 to raise the 15 percent income tax bracket into middle class income levels, and for other purposes.

---

## IN THE SENATE OF THE UNITED STATES

JANUARY 27, 1998

Mr. COVERDELL (for himself and Mr. MCCAIN) introduced the following bill;  
which was read twice and referred to the Committee on Finance

---

## A BILL

To amend the Internal Revenue Code of 1986 to raise the 15 percent income tax bracket into middle class income levels, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Middle Class Tax Relief Act of 1998”.

6       (b) AMENDMENT OF 1986 CODE.—Except as other-  
7       wise expressly provided, whenever in this Act an amend-  
8       ment or repeal is expressed in terms of an amendment  
9       to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 (c) SECTION 15 NOT TO APPLY.—No amendment  
 4 made by section 2 shall be treated as a change in a rate  
 5 of tax for purposes of section 15 of the Internal Revenue  
 6 Code of 1986.

7 **SEC. 2. INCOME TAXED AT LOWEST RATE INCREASED TO**  
 8 **\$35,000 FOR UNMARRIED INDIVIDUALS,**  
 9 **\$70,000 FOR JOINT RETURNS AND SURVIVING**  
 10 **SPOUSES, AND \$52,600 FOR HEADS OF HOUSE-**  
 11 **HOLDS.**

12 (a) GENERAL RULE.—Section 1 (relating to tax im-  
 13 posed) is amended by striking subsections (a) through (e)  
 14 and inserting the following:

15 “(a) MARRIED INDIVIDUALS FILING JOINT RETURNS  
 16 AND SURVIVING SPOUSES.—There is hereby imposed on  
 17 the taxable income of—

18 “(1) every married individual (as defined in sec-  
 19 tion 7703) who makes a single return jointly with  
 20 his spouse under section 6013, and

21 “(2) every surviving spouse (as defined in sec-  
 22 tion 2(a)),

23 a tax determined in accordance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$70,000 .....	15% of taxable income.
Over \$70,000 but not over \$102,300.	\$10,500, plus 28% of the excess over \$70,000.

**“If taxable income is:**

Over \$102,300 but not over  
\$155,950.  
Over \$155,950 but not over  
\$278,450.  
Over \$278,450 .....

**The tax is:**

\$19,544, plus 31% of the excess over  
\$102,300.  
\$36,175, plus 36% of the excess over  
\$155,950.  
\$80,275, plus 39.6% of the excess  
over \$278,450.

1       “(b) HEADS OF HOUSEHOLDS.—There is hereby im-  
2 posed on the taxable income of every head of a household  
3 (as defined in section 2(b)) a tax determined in accordance  
4 with the following table:

**“If taxable income is:**

Not over \$52,600 .....  
Over \$52,600 but not over  
\$87,700.  
Over \$87,700 but not over  
\$142,000.  
Over \$142,000 but not over  
\$278,450.  
Over \$278,450 .....

**The tax is:**

15% of taxable income.  
\$7,890, plus 28% of the excess over  
\$52,600.  
\$17,718, plus 31% of the excess over  
\$87,700.  
\$34,551, plus 36% of the excess over  
\$142,000.  
\$83,673 plus 39.6% of the excess  
over \$278,450.

5       “(c) UNMARRIED INDIVIDUALS (OTHER THAN SUR-  
6 VIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There  
7 is hereby imposed on the taxable income of every individ-  
8 ual (other than a surviving spouse as defined in section  
9 2(a) or the head of a household as defined in section 2(b))  
10 who is not a married individual (as defined in section  
11 7703) a tax determined in accordance with the following  
12 table:

**“If taxable income is:**

Not over \$35,000 .....  
Over \$35,000 but not over  
\$61,400.  
Over \$61,400 but not over  
\$128,100.  
Over \$128,100 but not over  
\$278,450.  
Over \$278,450 .....

**The tax is:**

15% of taxable income.  
\$5,250, plus 28% of the excess over  
\$35,000.  
\$12,642, plus 31% of the excess over  
\$61,400.  
\$33,319, plus 36% of the excess over  
\$128,100.  
\$87,445, plus 39.6% of the excess  
over \$278,450.

1       “(d) MARRIED INDIVIDUALS FILING SEPARATE RE-  
2       TURNS.—There is hereby imposed on the taxable income  
3       of every married individual (as defined in section 7703)  
4       who does not make a single return jointly with his spouse  
5       under section 6013, a tax determined in accordance with  
6       the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$35,000 .....	15% of taxable income.
Over \$36,000 but not over \$51,150.	\$5,250, plus 28% of the excess over \$35,000.
Over \$51,150 but not over \$77,975.	\$9,772, plus 31% of the excess over \$51,150.
Over \$77,975 but not over \$139,225.	\$18,088, plus 36% of the excess over \$77,975.
Over \$139,225 .....	\$40,138, plus 39.6% of the excess over \$139,225.

7       “(e) ESTATES AND TRUSTS.—There is hereby im-  
8       posed on the taxable income of—

9               “(1) every estate, and

10              “(2) every trust,

11       taxable under this subsection a tax determined in accord-  
12       ance with the following table:

<b>“If taxable income is:</b>	<b>The tax is:</b>
Not over \$1,700 .....	15% of taxable income.
Over \$1,700 but not over \$4,000 ..	\$255, plus 28% of the excess over \$1,700.
Over \$4,000 but not over \$6,100 ..	\$899, plus 31% of the excess over \$4,000.
Over \$6,100 but not over \$8,350 ..	\$1,550, plus 36% of the excess over \$6,100.
Over \$8,350 .....	\$2,360, plus 39.6% of the excess over \$8,350.”.

13       (b) INFLATION ADJUSTMENT TO APPLY IN DETER-  
14       MINING RATES FOR 1999.—Subsection (f) of section 1 is  
15       amended—

1           (1) by striking “1993” in paragraph (1) and in-  
2       serting “1998”,

3           (2) by striking “1992” in paragraph (3)(B) and  
4       inserting “1997”, and

5           (3) by striking paragraph (7).

6       (c) CONFORMING AMENDMENTS.—

7           (1) The following provisions are each amended  
8       by striking “1992” and inserting “1997” each place  
9       it appears:

10           (A) Section 25A(h).

11           (B) Section 32(j)(1)(B).

12           (C) Section 41(e)(5)(C).

13           (D) Section 42(h)(6)(G)(i)(II).

14           (E) Section 68(b)(2)(B).

15           (F) Section 135(b)(2)(B)(ii).

16           (G) Section 151(d)(4).

17           (H) Section 221(g)(1)(B).

18           (I) Section 512(d)(2)(B).

19           (J) Section 513(h)(2)(C)(ii).

20           (K) Section 877(a)(2).

21           (L) Section 911(b)(2)(D)(ii)(II).

22           (M) Section 4001(e)(1)(B).

23           (N) Section 4261(e)(4)(A)(ii).

24           (O) Section 6039F(d).

25           (P) Section 6334(g)(1)(B).

1 (Q) Section 7430(c)(1).

2 (2) Subparagraph (B) of section 59(j)(2) is  
3 amended by striking “, determined by substituting  
4 ‘1997’ for ‘1992’ in subparagraph (B) thereof”.

5 (3) Subparagraph (B) of section 63(c)(4) is  
6 amended by striking “by substituting for” and all  
7 that follows and inserting “by substituting for ‘cal-  
8 endar year 1997’ in subparagraph (B) thereof ‘cal-  
9 endar year 1987’ in the case of the dollar amounts  
10 contained in paragraph (2) or (5)(A) or subsection  
11 (f).”

12 (4) Subparagraph (B) of section 132(f)(6) is  
13 amended by inserting before the period “, deter-  
14 mined by substituting ‘calendar year 1992’ for ‘cal-  
15 endar year 1997’ in subparagraph (B) thereof”.

16 (5) Paragraph (2) of section 220(g) is amended  
17 by striking “by substituting ‘calendar year 1997’ for  
18 ‘calendar year 1992’ in subparagraph (B) thereof”.

19 (6) Subparagraph (B) of section 685(c)(3) is  
20 amended by striking “, by substituting ‘calendar  
21 year 1997’ for ‘calendar year 1992’ in subparagraph  
22 (B) thereof”.

23 (7) Subparagraph (B) of section 2032A(a)(3) is  
24 amended by striking “by substituting ‘calendar year

1       1997’ for ‘calendar year 1992’ in subparagraph (B)  
2       thereof”.

3           (8) Subparagraph (B) of section 2503(b)(2) is  
4       amended by striking “by substituting ‘calendar year  
5       1997’ for ‘calendar year 1992’ in subparagraph (B)  
6       thereof”.

7           (9) Paragraph (2) of section 2631(c) is amend-  
8       ed by striking “by substituting ‘calendar year 1997’  
9       for ‘calendar year 1992’ in subparagraph (B) there-  
10      of”.

11          (10) Subparagraph (B) of 6601(j)(3) is amend-  
12      ed by striking “by substituting ‘calendar year 1997’  
13      for ‘calendar year 1992’ in subparagraph (B) there-  
14      of”.

15      (d) MODIFICATION OF WITHHOLDING TABLES FOR  
16      TAXABLE YEAR 1998.—Notwithstanding the provisions of  
17      section 3402(a) of the Internal Revenue Code of 1986, the  
18      Secretary of the Treasury shall modify the tables and pro-  
19      cedures under section 3402(a)(1) of such Code to reflect  
20      the amendment made by subsection (a). Such modification  
21      shall—

22           (1) take effect on July 1, 1998, and

23           (2) reflect the entire reduction in taxes for cal-  
24      endar year 1998 made by such amendment during  
25      the 6-month period beginning July 1, 1998.

1       (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 1997.

○